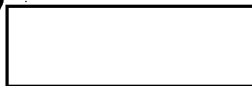


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OPTION I

PROPOSED REORGANIZATION OF THE

OFFICE OF LOGISTICS

ACQUISITION SYSTEM

20 OCTOBER 1981

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PURPOSE: This paper presents a recommended reorganization within the Office of Logistics (OL) to accommodate and exploit the capabilities of the forthcoming Logistics Integrated Management System (LIMS).

SCOPE: LIMS is viewed as a predominantly materiel-oriented system, and the study of possible reorganization was limited to OL functional elements providing materiel support. Those elements, which comprise the OL Acquisition System, are concerned with the processing of customer requests for materiel and services, from initiation of request to satisfaction of requirement. Existing OL components devoted principally to the operation and support of the Acquisition System are:

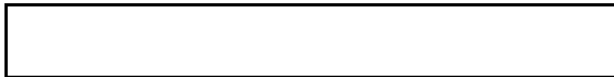
Procurement Management Staff

Security Staff

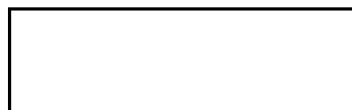
Procurement Division

Supply Division

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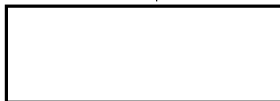
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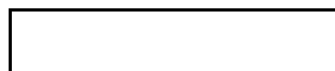


GOAL OF REORGANIZATION: Improve logistics response to customer requirements.

OBJECTIVES: Adopt an organizational structure that:

1. Emphasizes output, or production, from the Acquisition System by separating acquisition transaction functions from supportive functions.
2. Enhances managers' ability to focus on and take action on production functions within their areas of responsibility.
3. Reflects functional changes to be brought about by LIMS implementation.
4. Permits exploitation of LIMS ADP capabilities.
5. May be phased-in prior to LIMS implementation to minimize disruptions at any one time.
6. Reflects the increased demand on depot services and the emphasis on direct procurement rather than stock issues.
7. Distinguishes between the types of management required for projects (contracting) and processes (small purchases and depot operations).
8. Addresses the importance of customer relations.

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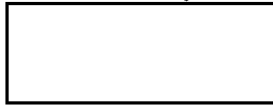
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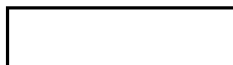
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ASSUMPTIONS:

1. Functional subdivisions can be mixed if necessary to support improved responsiveness.
2. The future environment will increase the importance of direct acquisition and decrease needs for expanded depot stocks.
3. Demand for depot services (storage, packing, transportation) will continue to grow.
4. Commercial procurement of small purchases (less than \$10,000) do not require the in-depth procurement training required for development, production, and services contracts (over \$10,000).
5. Knowledge and participation in the acquisition process by customer organization is essential and must be encouraged by a combination of staffing, training, and ongoing liaison.

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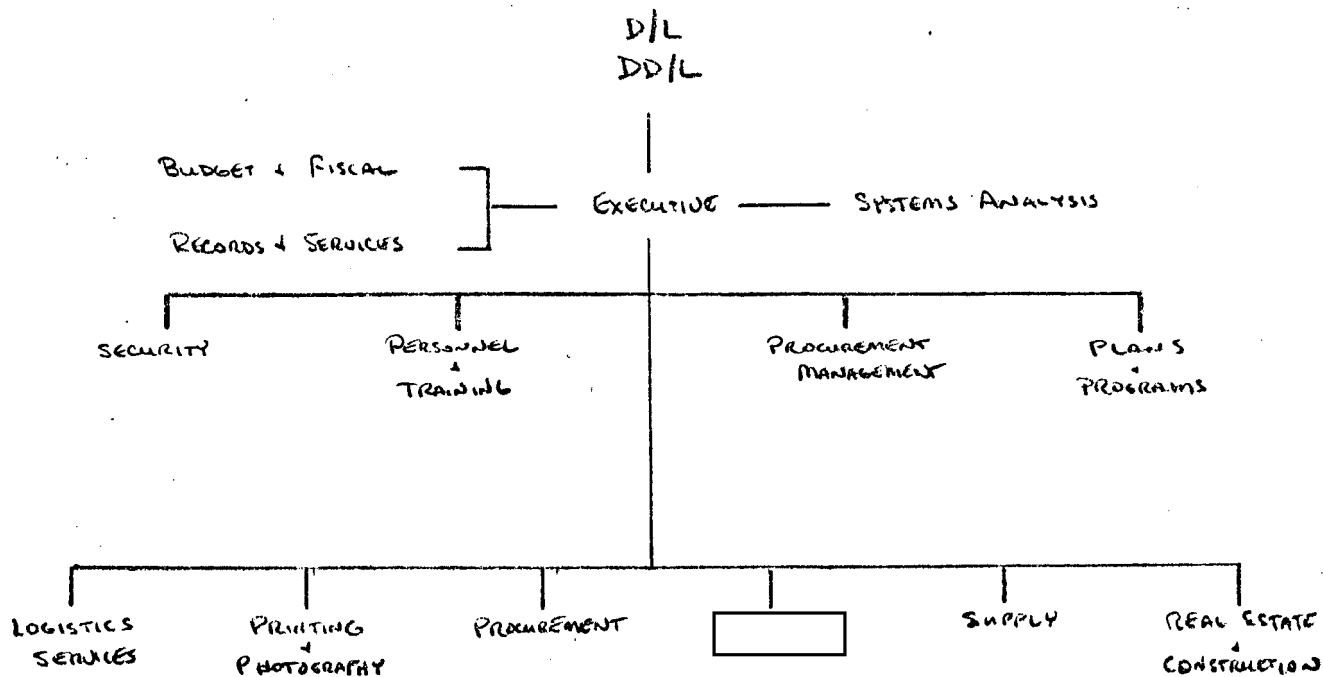


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EXISTING OL ORGANIZATION



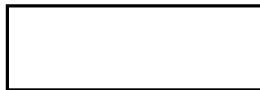
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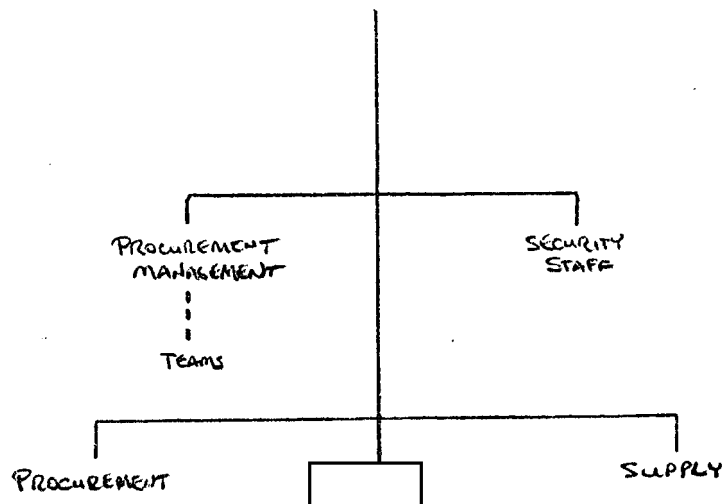
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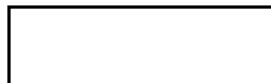


EXISTING ORGANIZATIONS IN THE ACQUISITION PROCESS

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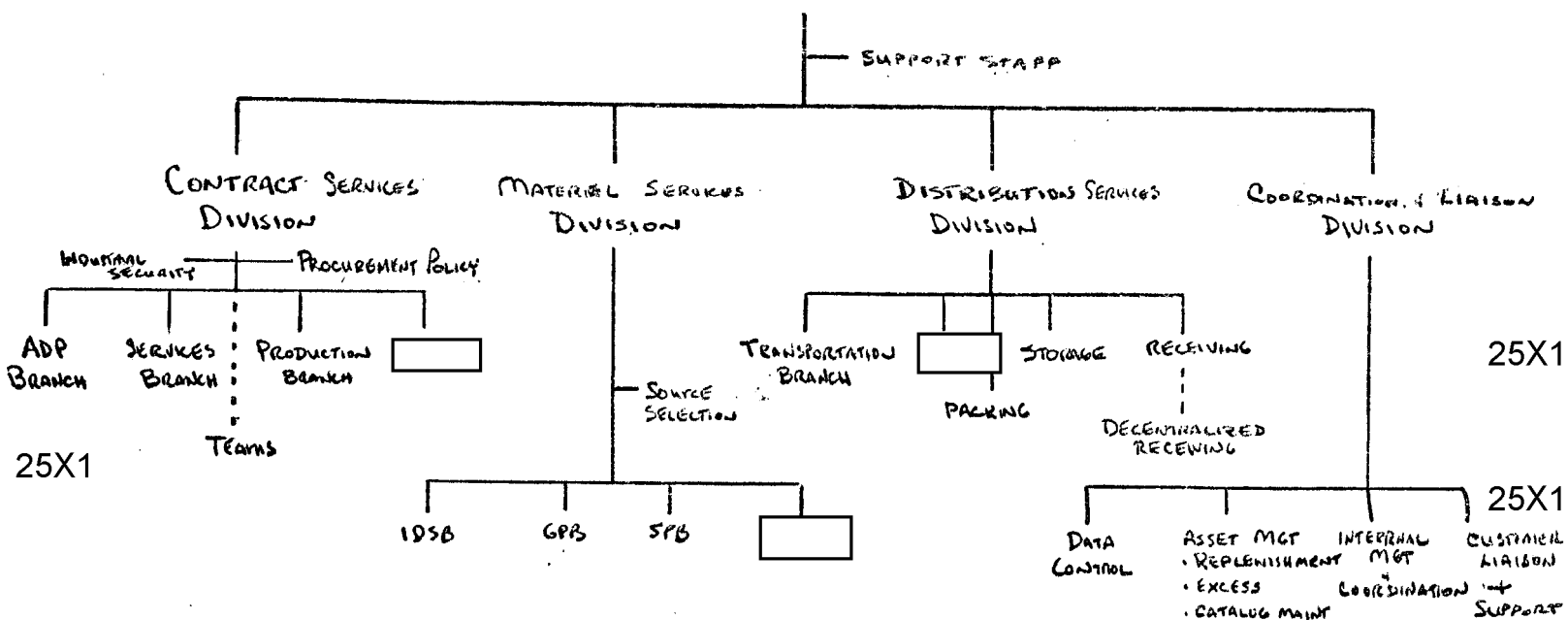
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PROPOSED ORGANIZATION OF THE ACQUISITION PROCESS

PDL-
ACQUISITIONS:



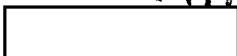
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CONTRACT SERVICES DIVISION

Rationale - CSD generally handles those transactions that have higher dollar values, have relatively long life spans (continuing involvement with vendors), are more complex than one-time acquisitions, routinely require dialog with customer organizations, and/or require in-depth application of Federal contracting regulations and practice. Transactions have an individual identity, with a beginning, mid-life, and completion, and thus are project-oriented. The procurement policy function is situated within CSD because of the commonality and speciality of skills and interest among Division functions. Procurement Policy decisions have relatively little impact on the type of transactions performed in the Material Services Division, but would apply where applicable. MSD would develop procedures consistent with established procurement policy. Managerial skills required are project management, regulatory expertise, and experience in contracting.

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Antecedents - CSD would include all of those functions now performed by PMS,  ADP&EB, and P&SCB. It would also include those functions in GPB that perform renewable service contracts. The Industrial Security Program of the SS can go here or into the DDL/Acquisition Support Staff area.

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MATERIEL SERVICES DIVISION

Rationale - MSD generally handles the high volume, low dollar value transactions that do not take on individual identities. Work is akin to a process, where transactions flow through the system one time with different components and persons performing specialized functions at various process stages. Individual transactions are processed without supervisory review. Skills required for processing tend to be job-related and can be learned on the job. Management skills emphasize abilities to handle processes.

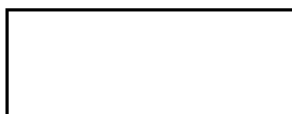
Antecedents - All elements of IDSB, SPB, and 

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25X1  and those elements of GPB not procuring reviewable services. The follow-up and expedite functions of SMB, and those SMB functions that screen incoming requirements and determine if items are stock or procurement and assigns procurement action will be part of MSD. Processing of requests for repair service will be performed in MSD.

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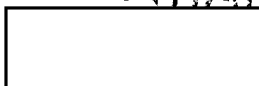



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DISTRIBUTION SERVICES DIVISION

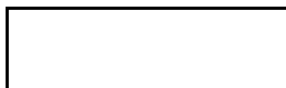
Rationale - DSD represents those organizational elements that physically handle material: receipt, storage, packing, and transportation. The placement of all OL depot activities  Building Supply Warehouse operations) provides the DSD with the flexibility to use all available resources for response as required. Establishing staff authority within the Receiving function for all receiving activity takes advantage of expertise developed within the Receiving Function and provides a single focal point to receipt related services. Skills are generally job-related and can be learned on-the-job. Management skills required are process-oriented materials handling.

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Antecedents - All current depot functions except CRDS, plus oversight responsibility for all decentralized receiving activity.

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COORDINATION AND LIAISON DIVISION

Rationale - CLD has two roles to play: the coordination function is directed towards maintenance of the production system in and between CSD, MSD, and DSD, while the liaison function provides a strong consultative relationship with customer organizations. The coordination, or housekeeping, functions are given the managerial attention due them without diverting production managers from their objectives--rapid response and output. An important criteria to distinguish between production and maintenance functions is the time-sensitivity of the activity: delays in maintenance do not immediately impact on production rates.

Antecedents: CLD is comprised of all data base management functions (DCB and CONIF/PDMIS input), OSB, the inventory management and catalog management functions of SMB, and the excess property management functions of CRDS. In addition, CLD has those elements of SAB responsible for maintenance of existing ADP systems. A proposed function for CLD is an aggressive liaison group that provides consultative support to customers. Such consultations may include training of customer personnel in the acquisition process, analysis and advice on customers internal logistics functions, and, for very small customer units, providing central logistics services in lieu of a component logistics/administrative office.

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COORDINATION AND LIAISON DIVISION

Rationale - CLD has two roles to play: the coordination function is directed towards maintenance of the production system in and between CSD, MSD, and DSD, while the liaison function provides a strong consultative relationship with customer organizations. The coordination, or housekeeping, functions are given the managerial attention due them without diverting production managers from their objectives--rapid response and output. An important criteria to distinguish between production and maintenance functions is the time-sensitivity of the activity: delays in maintenance do not immediately impact on production rates.

Antecedents: CLD is comprised of all data base management functions (DCB and CONIF/PDMIS input), OSB, the inventory management and catalog management functions of SMB, and the excess property management functions of CRDS. In addition, CLD has those elements of SAB responsible for maintenance of existing ADP systems. A proposed function for CLD is an aggressive liaison group that provides consultative support to customers. Such consultations may include training of customer personnel in the acquisition process, analysis and advice on customers internal logistics functions, and, for very small customer units, providing central logistics services in lieu of a component logistics/administrative office.

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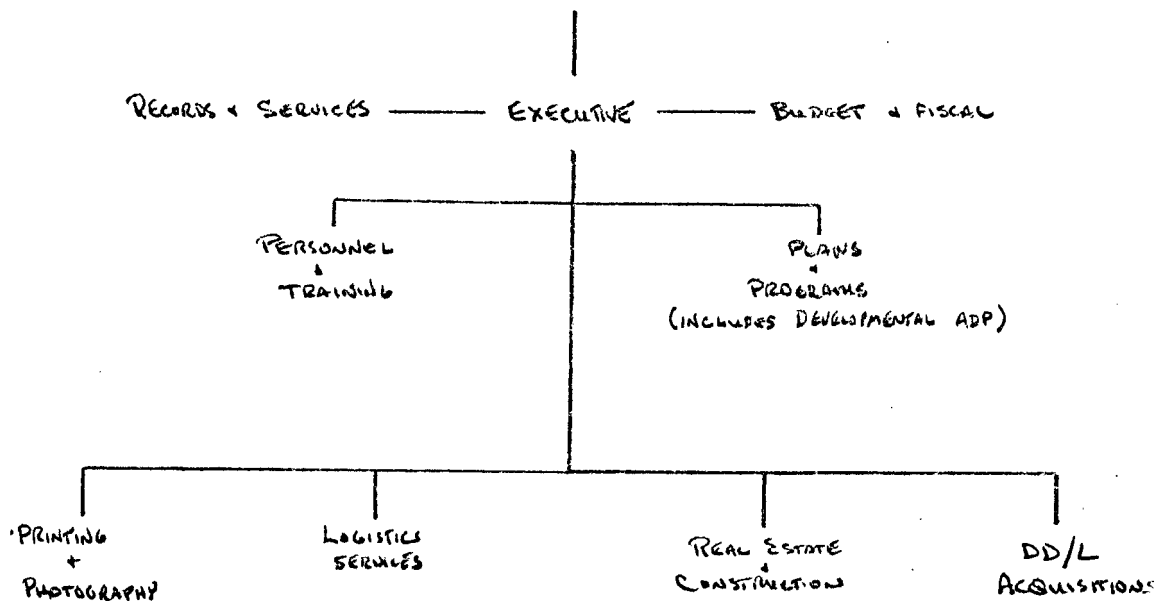
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OL ORGANIZATION AFTER REORGANIZATION OF ADMINISTRATION D

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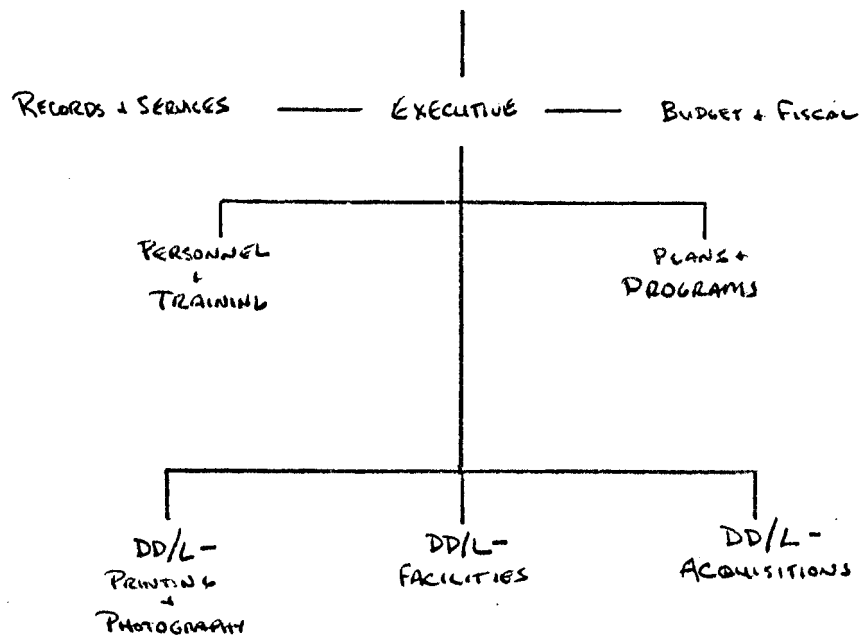
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POSSIBLE TOTAL DL REORGANIZATION

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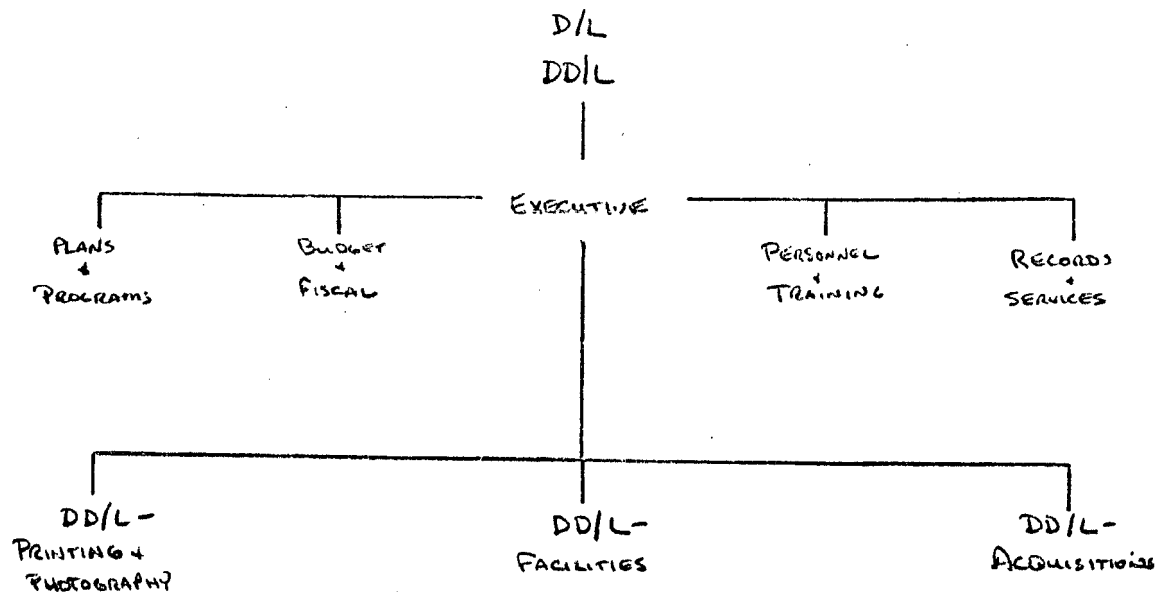
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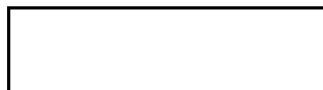


POSSIBLE OL REORGANIZATION



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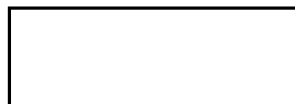
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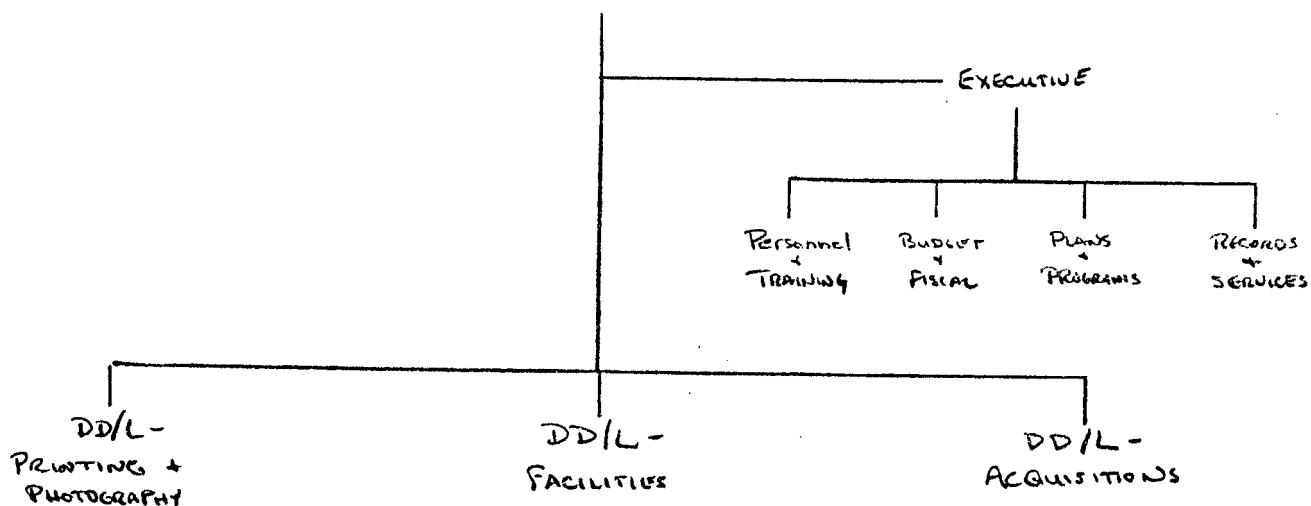
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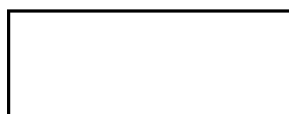
POSSIBLE DL REORGANIZATION

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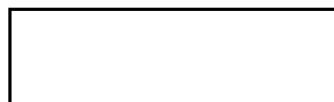
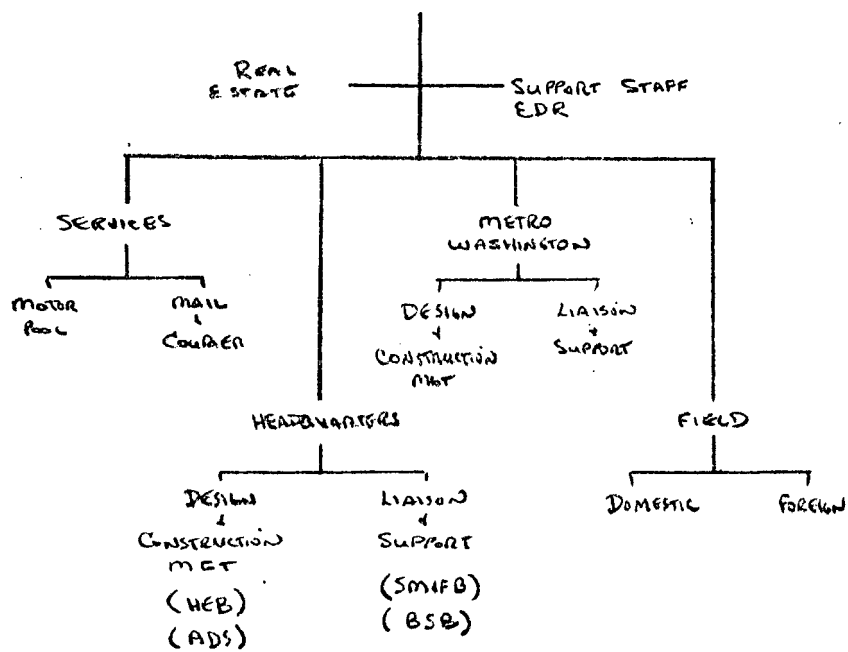
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POSSIBLE REORGANIZATION OF FACILITIES SUPPORT ACTIVITIES

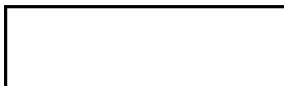
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OPTION II

PROPOSED REORGANIZATION OF THE

OFFICE OF LOGISTICS

ACQUISITION SYSTEM

20 OCTOBER 1981

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Purpose: This paper proposes to Office of Logistics (OL) management an alternate functional realignment of organizational structure within OL. This proposal addresses the implementation of the Logistics Integrated Management System (LIMS) and considers the minimizing of impact and trauma on the existing organization. This paper presents concepts upon which to elicit discussion and does not attempt to prescribe details. This plan will be further refined as necessary, upon OL senior management consideration and further direction.

Scope: LIMS will, upon initial implementation, be predominately a materiel and services acquisition system. Therefore, the elements of this paper are concerned only with those existing organizational elements relating to these processes. Also, the basic premise of LIMS and this proposal is that they must increase OL responsiveness to Agency customers, in requisitioning material and services. So as to maximize responsiveness and limit impact upon existing OL components considered in this paper, only those elements that comprise the existing Supply Division (SD), Procurement Division (PD), [REDACTED]

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25X1 [REDACTED] are discussed.

Objectives:

- Maximize OL responsiveness while minimizing impact upon the existing organization.
- Provide cross-fertilization between Logistics procurement and supply disciplines.

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[REDACTED]

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- Separate and consolidate acquisition activities associated with small purchases and low risk (less than \$10,000) from large acquisitions and high risk (greater than \$10,000) that usually require highly trained technical procurement careerists.
- Provide a managerial balance within the acquisition activities to maximize flexibility in shifting resources that can accommodate changing work loads.
- May be phased in prior to LIMS implementation and thereby minimize disruptions.
- Increase emphasis on centralizing the processing of high volume, low dollar acquisitions.
- Distinguish between the types and levels of management required for systems acquisitions, i.e., contracting activities versus procurement processes.

Assumptions:

- Functional subdivisions of the existing organization can be consolidated and rearranged as necessary to support improved responsiveness.
- The future environment in which the Agency logistics system will operate is likely to place increasing emphasis upon small direct purchases and depot services; inventory actions and large systems acquisitions will remain relatively stable.

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- Small purchase acquisitions do not require the same level of procurement expertise as do larger contracts. Supply oriented careerist can rotate to small purchase functional elements and, conversely, small purchase staffing can rotate throughout remaining supply functions within the organization.
- The small purchase function of the new organization will continue to provide entry level training to those aspiring to careers in the procurement field.

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"Y" Division (New)

Rational:

Approximately 90 percent of all annual materiel acquisitions involving procurement actions, require expenditures of funds of less than \$10,000 per action. Dollar value of these actions constitute approximately 12 percent of the total dollars expended. In other words, [] of the total dollars spent by the Agency go to satisfy approximately 90 percent of all direct acquisitions based upon statistics from the D/L Briefing Book. To consolidate these activities, it is proposed that two existing branches of the Supply Division (IDSB and SPB) and two branches of the Procurement Division (GPB and []) be withdrawn from each Division to form the nucleus of a new division within OL (see attached diagram, Division Y). The new Division would be dedicated to handling purchase actions, which, for the most part are low risk, high volume, low dollar value actions. It is recognized that acquisitions made via Government sources often exceed the \$10,000 threshold, but it is also recognized that these actions are low risk and constitute a brokering action between the Agency and an actual procurement authority.

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The reduction of [] from the Procurement Division can be offset by the transferring of Headquarters supervision of the [] to the Chief, Procurement Division. This action will result in an []

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reduction in authorized positions [] to a reconfi-
gured Procurement Division. However, in consideration of the
complex tasks within sophisticated contracting, this reduction in
ceiling should not jeopardize the grade structure of that com-
ponent.

Likewise, it can be anticipated that the shifting of []
positions [] from the Supply Division will not
significantly influence that Division's grade structure, since it
will shrink only [] authorized positions.

It can be reasonably assured that the creation of a new
division that centralizes small purchase activities throughout
the office will enhance organizational grade structures. More
importantly, however, it postures the office to better manage
activities associated with materiel distribution, inventory, and
acquisition functions.

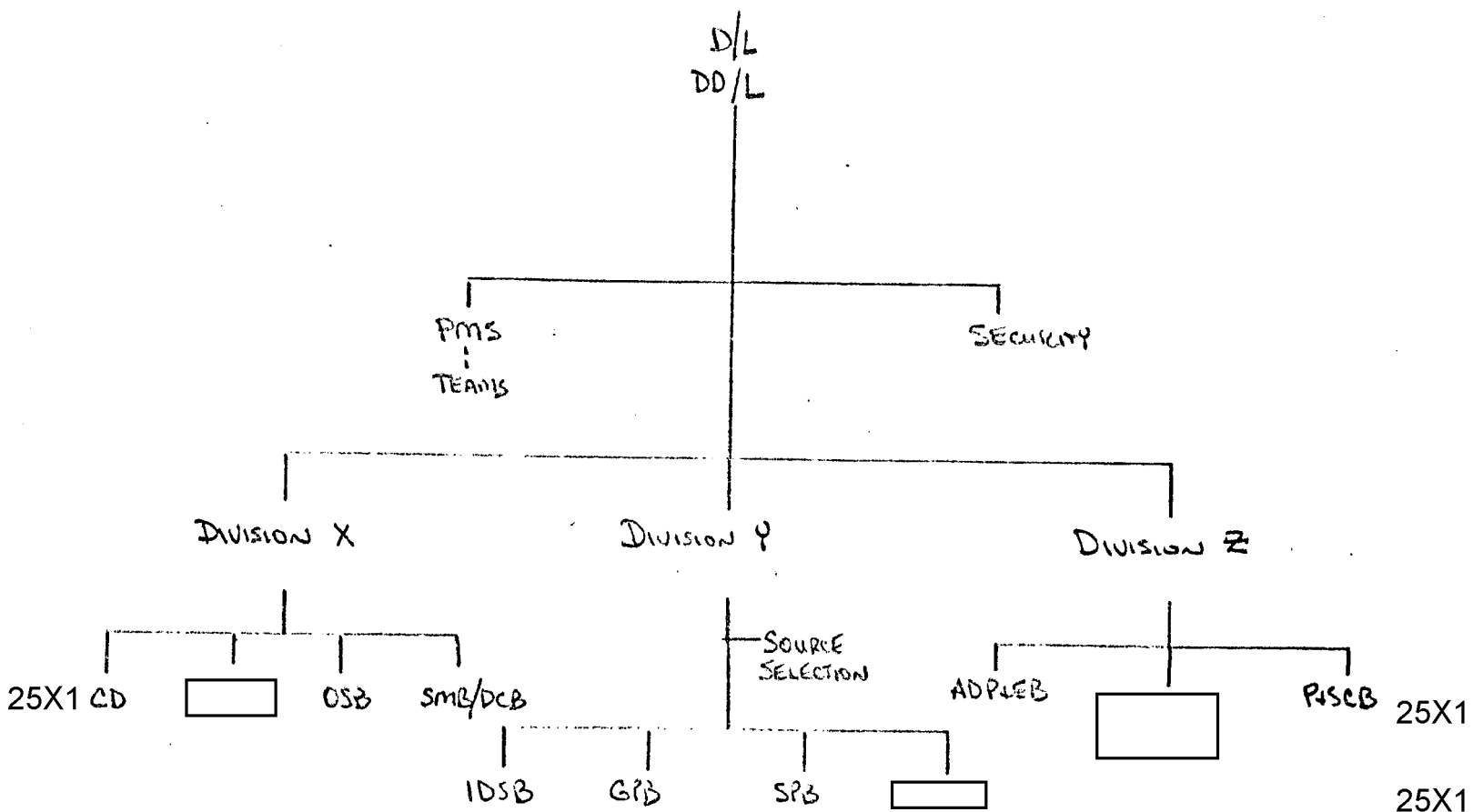
As is known, the LIMS system is primarily dedicated to auto-
mating and expediting acquisition processes. Its keystone module
is the procurement function which, again, will serve high volume,
low dollar value acquisition actions. LIMS will provide rapid
accessment of workload and response requirements, permitting
managers to take action as necessary. In addition, it will
resolve, simplify, and speed those OF actions associated with
high volume activities. Therefore, it is perceived that the
eventual imposition of LIMS functions upon the OL organization
will be more readily and easily undertaken within the
reorganization alternative described herein.

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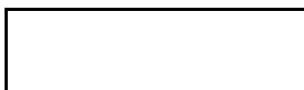
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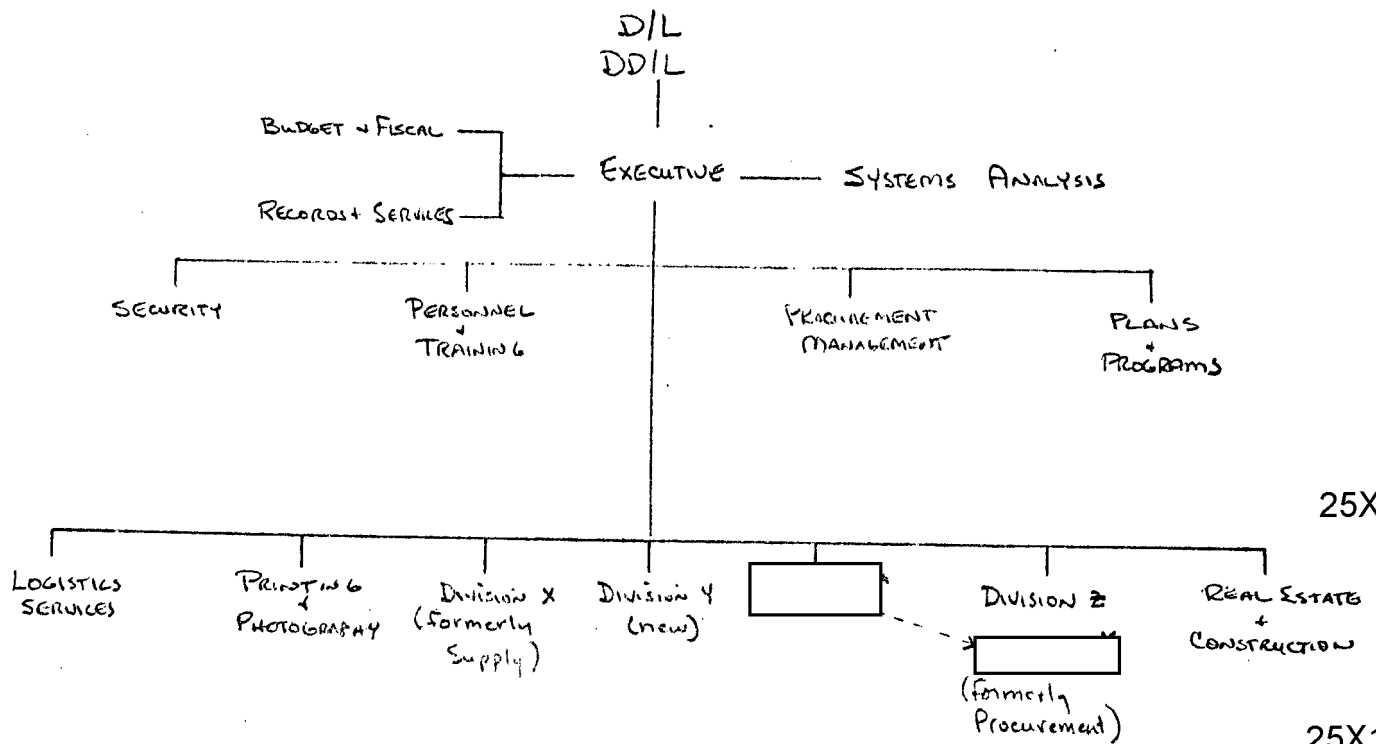
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NOTE FOR: Chief, Plans and Programs Staff, OL

SUBJECT: Some Thoughts on Reorganization

Dave,

While people should become familiar with the idea, I believe we are premature in addressing any in-depth LIMS influences upon the organizational structure of the Office of Logistics (OL) -there are still many unknowns. However, as a result of attacking the project functionally, there are some early indications of change and while, in my opinion, these are "soft," they are listed, without emotion, below for your information and background. Since LIMS is primarily centered around our supply and procurement activities, such services oriented elements of LSD, P&PD, and RECD are omitted, although these elements would play a key role in any reorganization of the office.

Systems Analysis Branch

First, we should address centralizing our ADP resources. Future automation within OL will cross political boundaries, as indeed it does today, and therefore should come under a central authority. I would see SD/DCB (less cataloging), PMS/CONIF, PDMIS administration, and SAB capabilities and assets all being grouped together. This activity should be independent of line Divisions and placed at the staff level, either independent or a part of the existing Plans Staff. This does not, however, support complete abrogation of line control over local ADP applications. It only considers total office needs in the decision and resource allocation process. The Office of Finance (O/FIN) sets a working example here.

Supply Management Branch

SMB's function may change considerably as there will be less human intervention in processing requirements. Most of their paper shuffling activities will be eliminated. The stock editor function, as well as the input clerk's functions, will change dramatically. The analyst will be closely related to inventory, and we may want to physically relocate this function to the Depot.

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SUBJECT: Some Thoughts on Reorganization

Data Control Branch

This was discussed in para 1, but [] function should probably be separated from the Branch and made a part of the "SMB successor." In our future LIMS system, I believe cataloging will play a key roll as they are in the front and will be the traffic cop selecting and/or directing actions to the proper element.

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Discrepancy Follow-up

In today's work processes, receiving discrepancies resulting from procurement action, rest with the Receiving Branch at the []. I would submit this function may well rest with either an element (New) within Procurement Division (PD) or with the contracting officer.

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Delinquent P.O.'s

All orders have an established delivery date agreed to between the contracting officer and the vendor at the time an order is placed. Today, follow-up on overdues is done by exception--sort of the "squeaky wheel" process. Logistics is going to be responsive, this will be accomplished on all delinquent orders and, the responsibility will be placed centrally within LIMS. It is sort of going back to the old CC&DB days, but, as I recall, this function did provide a useful and beneficial centralized point of customer contact. In many cases, offense is the best defense.

(NOTE: These two thoughts, immediately above, may provide for rotational assignments between Supply and Procurement.)

Small Purchases Branch

A tough bullet to bite. SPB is vital to our ability to be responsive, and the office cannot do without it. If memory serves me correctly, we tried once and within 6-8 months reestablished the organization. Physically, it is in the proper location. Functionally, it is a part of procurement. Realistically, I wonder if its positive contribution to OL responsiveness can be maintained if we deviate from how the operation runs today.

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SUBJECT: Some Thoughts on Reorganization

Interdepartmental Support Branch

IDSB is also a part of the acquisition sequence; however, since it also does many other things, such as liaison activities, and it relies on others to act as its agent in procurement of materiel and services, I see no reason not to leave it where it is.--On the other hand, we could say it more appropriately belongs within a procurement functional element.

Decentralized Receiving Points

Part of the problem with decentralized receiving is decentralized supervision. I would submit that management information statistics be monitored under the command of a single organizational element like the Receiving Branch at the

General

The office has a Personnel and Training Staff. Supply Division (SD) has its own training officer. OL is responsible for providing both course content and instructors for the logistics portion of the Field Administration Course. These requirements have historically been satisfied out of the SD. Recognizing different disciplines may require unique as well as common training; would not this more appropriately belong to the centralized "Training Staff?"

One individual in SD is fully committed to writing/amending/tracking/coordinating regulations, instructions, etc. Since most of these cross division, and in many cases, office boundaries, would not this activity more appropriately belong in a staff element of the organization?

As best as I can remember, OL is basically organized as it was 20+ years ago. This does not say the organization is not still valid, but does support examining it, especially in light of LIMS. The above comments are only some rough thoughts of mine which may be useful to you in your discussions on reorganization with Dan. I think the Deputy Director concept employed by O/FIN

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SUBJECT: Some Thoughts on Reorganization

25X1 certainly is worthy of some consideration, such as a "Deputy Director for Acquisition" over much of today's Supply and Procurement Divisions.--A "Deputy Director for Materials," covering Inventory, Distribution, Receiving, i.e., most of CD and activities, along with such items from supply as SMB remnants, etc. And, of course, a "Deputy Director for Services," covering LSD, RECD, and P&PD. None are original ideas, I'm sure, but raised as food for thought and consideration. In the course of LIMS development, I will keep you advised of other potential organizational impacts as they are perceived.



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Director of Central Intelligence Command Responsibilities

